3. **New Reference Cited Changes the Operability of Some Previous References Cited:**

Based on the new reference Universal Casting ruling, Sec. 1273 is no longer operable under the current tax law. The court decision states that if the purported debt is held (owned) in proportion to the stock, and if the stock and purported debt may be transferred only as a unit, then the purported debt is actually equity or stock. This means the debt instrument stated in Sec.1273 reference would be classified as equity by the tax court and the payments made to shareholders would be dividends that would not be tax deductible to the corporation. The Sec.1273 reference fits into the Universal Casting ruling because the purported debt is owned proportionally to the stock. Some proportion of ownership of the debt instrument by the shareholder is inherent in the Sec.1273 reference because money is being exchanged (paid) for the investment unit. The investor/shareholder will own the stock and some part of the debt instrument, so the debt instrument will be owned in proportion to the stock. The Sec.1273 referenced debt instrument and the stock are traded as a unit, so the Sec. 1273 reference fits into the Universal Casting ruling that classifies the debt instrument as equity.

The references regarding pair-shared REIT'S (Starwood Lodging 424B2 and Sec.269B) have the same problem with regard to the new reference of the Universal Casting ruling. Both of these references have the commonality of ownership in the joining mechanism that gives the shareholder a proportionality of ownership of any debt instrument that is joined to the stock in this method. This is inoperable under the current tax law based on the Universal Casting ruling.

All three or any single one of the references Sec.1272, Sec.269B, and Starwood Lodging 424B2 are inoperable when combined with Bruck (Predator's Ball, A penguin book, 1988). They all contain in statement or inherently the commonality of ownership of the debt instrument in some part. This is inoperable under the current tax law based on the Universal Casting ruling.

4. **The Method of Joining is the Key Element:**

The reason that the Share Bond is unique, superior and operable despite the Universal Casting ruling is the method of joining claimed in the application. The method claimed clearly states that the debt instrument cannot be owned by the shareholder. The method has further steps to insure that the shareholder does not own any part of the debt instrument that is joined to the stock. First, the Share Bond joining method is to issue the right to the principal and the right to the fixed rate of interest of the debt instrument to the share of equity (stock). This is the only way at the outset to keep the shareholder from owning some part of the debt instrument. Otherwise, to issue the rights to the shareholder would give ownership rights to the shareholder and violate the Universal Casting ruling. Secondly, the Share Bond joining method prohibits the shareholder from exchanging any money or property for the debt instrument (non-investment) which insures that the shareholder cannot have any ownership claim to the debt instrument. Thirdly, the Share Bond joining method specifically states and

prohibits the shareholder from separating the debt instrument from the share of stock. This helps to insure that the shareholder cannot have any ownership claim or rights to the debt instrument. Fourthly, the Share Bond joining method specifically states and prohibits the shareholder from owning the debt instrument (Share Bond). This seals the deal in essence and makes sure that there is no misunderstanding to the fact that the shareholder cannot own the debt instrument (Share Bond) joined to the share of stock. Under the Share Bond process or method the shareholder's proportional ownership of the debt instrument is always ZERO.

The non-ownership aspect of the Share Bond method is also crucial to insure that the debt instrument joined to the stock can never be classified as equity. The reason is that equity in a corporation is by legal definition ownership in a corporation. The debt instrument joined to a share of stock by the Share Bond process or method can never be ownership in a corporation because the debt instrument can never be owned whole or in part by the shareholder. The principal of the debt instrument is a sum certain in money "owed" to the shareholder of record but is not "owned" by the shareholder of record. For these reasons the Share Bond method or process produces a debt instrument that is joined to a share of stock, that can pay corporate tax deductible interest to a shareholder of the same corporation.

5. **Previous References Cited Do Not Have the Proper Steps That Are Claimed:**

A) Sec.1273 does not issue the debt instrument to the share of stock. Sec.1273 does not prohibit the shareholder from paying any money for the debt instrument. Sec.1273 states that the payment for the investment unit will be allocated between the security and the debt instrument for purposes of determining original discount. Sec.1273 does not prohibit ownership of the debt instrument by the shareholder and payment provides inherent proof that the shareholder indeed owns the debt instrument. Sec.1273 does not use the stock enhancement of the corporation as the adequate consideration in money's worth that corporation receives in return for the debt instrument.

B) Sec.269B does not issue the debt instrument to the share of stock. Sec. 269B does not prohibit the shareholder from paying any money or property for the debt instrument. Sec.269B does not prohibit ownership of the debt instrument by the shareholder, and to the contrary, has a commonality of ownership of both stocks joined together. There is no debt instrument mentioned in Sec. 269B.

C) Starwood Lodging 424B2 does not issue the debt instrument to the share of stock. Starwood Lodging 424b2 does not prohibit the shareholder from paying any money or property for the debt instrument. Starwood Lodging 424B2 does not prohibit ownership of the debt instrument by the shareholder, and to the contrary, states a commonality of ownership of both stocks joined together. There is no debt instrument mentioned in Starwood Lodging 424B2.

D) Bruck does not issue the debt instrument to the share of stock. The debt instrument mentioned in Bruck is separate from the stock. Bruck does not prohibit the shareholder from paying any money or property for the debt instrument. The shareholders pay money for the

debt instrument in Bruck. That is why there is a repayment referred to in Bruck. Bruck does not prohibit ownership of the debt instrument by the shareholder, and to the contrary, states commonality of both the debt instrument and stock that is not joined together.

To render the claimed invention as obvious the Examiner **must** have a reference or references that have all the elements of the joining method claimed. The references cited **do not** have the necessary elements even in combination. All the references teach away from issuing the debt instrument to the stock and prohibiting ownership of the debt instrument by the shareholder.

6. **New Reference Provides Proof:**

A) That the applicant continues to search for relevant prior art.
B) That the method claimed is the only process that can produce a debt instrument that is joined to a share of stock that can pay corporate tax deductible interest to shareholder of the same corporation.
C) That an attempt has been made to produce a debt instrument that is joined to a share of stock that can pay corporate tax deductible interest to shareholder of the same corporation and that attempt failed.
D) That the claimed invention was not obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

7. **The Share Bond Method is not computer related:**

The applicant states for the record that the Share Bond method while not computer related is statutory, in general, in that it is a process that enhances the equity of a business entity. The Share Bond method is the only process that can legally produce a debt instrument that is joined to a share of stock that can pay corporate tax deductible interest to a shareholder of the same corporation. A process is one or more steps, and a step must express some activity that manipulates or treats a physical thing.

Step 1 is the business entity gives a written unconditional promise to pay on a specified date a sum certain in money in return for the enhancement of the equity of the business entity. The writing of the unconditional promise expresses some activity that both manipulates and treats the physical assets of the business entity. The physical assets of the business entity include buildings, land, product inventory, furniture, etc. The treatment is the claim on the physical assets of the business entity that the written unconditional promise conveys to the shareholder. This means that the written unconditional promise to pay the sum certain in money is an extension of the physical assets of the business entity, and the shareholders claim on the assets is a treatment of a physical thing. When the sum certain in money is distributed to the shareholders (shareowners) at maturity or if the business entity is liquidated and the sum certain in money is distributed to the shareholders, these are manipulations of a physical thing(s).

Step 2 is the business entity conveys the right to the sum certain in money (principal) and the right to the interest to the share of stock. The writing expresses an activity that manipulates and treats the physical assets of the business entity by directing the flow of these assets to the shareholder.
Step 3 is the business entity conveys in writing that the shareholder exchanges (pays) no money or property for the debt instrument. The writing expresses an activity that treats and manipulates the physical assets of the business entity by deflecting certain assets from certain sources away from the business entity.
Step 4 is the business entity conveys in writing that the shareholder/shareowner cannot own the debt instrument. The writing expresses an activity that treats and manipulates the physical assets of the business entity by helping to stabilize the flow of assets to the shareholder in the future.
Step 5 is the business entity conveys in writing that the shareholder cannot separate the debt instrument from the share of stock. The writing expresses an activity that treats and manipulates the physical assets of the business entity by stabilizing the flow assets to the shareholder in the future.
Step 6 is the business entity pays a fixed rate of interest to the shareholder of record. The paying of interest expresses an activity that treats and manipulates the physical assets of the business entity by transferring some of the physical assets to the shareholder/shareowner of record in the form of currency.

The effect of all of these steps is the only legal process that can produce a debt instrument that is joined to a share of stock (equity) that pays corporate tax deductible interest to the shareholder/shareowner of the same corporation. This is the only method that allows a debt instrument to increase (enhance) the value of a corporation's stock (equity). The corporation's stock value is the market value of the entire corporation. The effect of all these steps is the only process that allows a debt instrument(s) to increase the entire value of the corporation. The stock of a corporation is a form of currency that is treated and manipulated by the Share Bond process as well.

8. **The Share Bond Method is Statutory as a Process.**

The Share Bond method or process is statutory under 35 U.S.C. 101, which reads as follows: "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title."

The process stated does not have to be computer related or in any specific technology art group to qualify for a patent. The claimed invention does produce the only legally classified debt instrument (Share Bond) joined to a share of stock (equity) that pays corporate tax deductible interest to the shareholder of the same corporation. The invention claims the process that joins the debt instrument to the equity of the business entity. The altered debt instrument is the effect or result of the process claimed. The altered or modified debt instrument is changed by the process and is proper subject matter for a patent.

Claims

10.The Claims Have Been Amended to Reflect Changes of the New Reference: Claims 1 and 6-10 have been canceled and Claims 11-16 have been substituted in their place.

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11. Any debt instrument of a business entity joined to a share or shares of equity of said business entity by said business entity conveying the right of the sum certain in money to be paid on a specified date and the right to the interest from said debt instrument of said business entity to said share or shares of equity of said business entity, whereby said debt instrument cannot be separated from said share or shares of equity of said business entity to be sold or traded separate from said share or shares of equity of said business entity, whereby said debt instrument cannot be owned by the shareowner of said share or shares of equity of said business entity and the interest from said debt instrument of said business entity is tax deductible to said business entity.

12. A method of enhancing the equity of a business entity, comprising joining a debt instrument of said business entity to a share or shares of equity of said business entity by issuing or conveying the right to a sum certain in money on a specified date and the right to the interest from said debt instrument of said business entity to a share or shares of equity of said business entity, whereby said debt instrument of said business entity cannot be separated from said share or shares of equity of said business entity, whereby said debt instrument of said business entity is not owned by the shareowner of said share or shares of equity of said business entity and the interest of ~~said debt~~ instrument of said business entity is tax deductible to said business entity.

13. A method of enhancing the equity of a business entity, comprising a debt instrument of said business entity issued to a share or shares of equity of said business entity, whereby said business entity gives a written unconditional promise to pay on a specified date a sum certain in money and to pay interest, thereby forming said debt instrument of said business entity, whereby the right to said sum certain in money and the right to the interest from said debt instrument of said business entity is issued or conveyed to a share or shares of equity of said business entity, whereby the interest from said debt instrument of said business entity is tax deductible to said business entity.

14. The debt instrument formed by the process of claim 11, comprising said business entity giving a written unconditional promise to pay on said specified date said sum certain in money and to pay a fixed rate of interest from said debt instrument to the shareowner of record of said share or shares of equity of said business entity.

15. The method or process of claim 12, comprising said business entity giving a written unconditional promise to pay on a specified date said sum certain in money and to pay a fixed rate of interest, thereby forming said debt instrument of said business entity, whereby said debt instrument of said business entity pays said sum certain in money and said fixed rate of interest to the shareowner of record of said share or shares of equity of said business entity.

16. The method or process of claim 13, comprising said business entity giving a written instruction that said debt instrument cannot be owned by the shareowner and said debt instrument cannot be separated from said share or shares of equity of said business entity.

Conclusion:

11. The Invention Claimed is Statutory and Unobvious.

The Universal Casting Ruling reference has provided the proof that the invention claimed is the only process that can join a debt instrument of a corporation to a share of stock of that same corporation and have the interest from the debt instrument be tax deductible to the corporation. The process **must** include the debt instrument issued to the stock, the shareholder paying no money or property for the debt instrument, the debt instrument cannot be separated from the share of stock and the shareholder cannot own the debt instrument. The right to the principal and the right to the interest **must** be issued to the stock and not the shareholder. These elements **must** be present for the invention to be operational.

The invention claimed is a process with steps that express an activity that manipulates and treats the physical assets of a corporation. The invention claimed is a process with steps that express an activity that manipulates and treats the equity or stock of a corporation, which is not only a representation of ownership in the corporation but a form of exchangeable currency for the corporation.

12.Request for Constructive Assistance:

The undersigned has made a diligent effort to amend the claims of this application so that they are more definite to explain the process necessary to form a Share Bond. If, for any reason, the claims of this application are not believed to be in full condition for allowance, the applicant respectfully requests the constructive assistance and suggestions of the Examiner in drafting one or more acceptable claims pursuant to MPEP 707.07(j) or in making constructive suggestions pursuant to MPEP 706.03(d) in order that this application may be placed in allowable condition.

Very Respectfully,

Durham Russell Maples

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